APPENDIX 7

Exhibit "E"

Royce Financial Statements for Years-Ends 2004 and 2005

Royce Homes, L.P.

Consolidated Financial Statements
December 31, 2005 and 2004

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Report of Independent Auditors

To the Partners of
Royce Homes, L.P.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of changes in partners' equity and of cash flows present fairly, in all material respects, the financial position of Royce Homes, L.P. and its subsidiaries (collectively referred to as the "Partnership") at December 31, 2005 and 2004, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1 to the consolidated financial statements, the Partnership has adopted FIN 46-R and its financial position as of December 31, 2004, and the financial results for the year ended December 31, 2004, have been restated.

PricewaterhouseCoopers LLP

April 24, 2006

Royce Homes, L.P.
Consolidated Balance Sheets
December 31, 2005 and 2004

	2005	2004
Assets		
Cash and cash equivalents	$ 1,229,224	$ 1,040,627
Certificates of deposit (restricted)	334,689	1,957,581
Receivables		
Trade - title companies	7,581,161	4,140,415
Related parties	717,593	516,225
Other	2,658,701	2,157,066
Prepaid expenses	2,593,679	1,682,886
Residential housing inventory and land under development	182,876,320	141,176,763
Investment in projects	1,850,000	1,850,000
Property and equipment, net	6,837,764	6,713,504
Deposits and other assets, including nonrefundable lot purchase deposits of $2,675,300 and $2,395,000, respectively	3,810,255	3,235,909
Total assets	$ 210,489,386	$ 164,470,976
Liabilities and Partners' Equity		
Construction costs not yet funded	$ 2,564,353	$ 1,805,706
Accounts payables		
Trade	15,178,838	10,477,178
Related parties	1,300,000	1,300,000
Accrued liabilities	10,946,273	12,167,579
Construction and acquisition/development loans payable	127,915,889	100,851,226
Capital lease obligation	4,653,680	4,786,706
Deposits and advances from customers	1,028,227	784,824
Total liabilities	163,587,260	132,173,219
Minority interest in subsidiaries	10,726,119	6,543,367
Commitments and contingencies (Note 6)		
Partners' equity	36,176,007	25,754,390
Total liabilities and partners' equity	$ 210,489,386	$ 164,470,976

The accompanying notes are an integral part of these consolidated financial statements.

Royce Homes, L.P.
Consolidated Statements of Operations
Years Ended December 31, 2005 and 2004

	2005	2004
Home sales revenues	$ 279,354,093	$ 240,691,861
Cost of sales		
Direct costs	197,514,352	173,666,740
Indirect, selling and closing costs	23,585,413	23,830,308
	221,099,765	197,497,048
Gross profit	58,254,328	43,194,813
Operating expenses		
Marketing	16,162,909	13,614,548
General and administrative	16,057,287	14,098,882
Interest expense	3,390,769	2,979,137
Operating expenses	35,610,965	30,692,567
Income from operations	22,643,363	12,502,246
Other income		
Interest income	17,775	27,282
Other	3,698,942	1,998,723
Income before minority interest in net income of subsidiaries	26,360,080	14,528,251
Minority interest in net income of subsidiaries	(5,834,783)	(3,678,412)
Net income	$ 20,525,297	$ 10,849,839

The accompanying notes are an integral part of these consolidated financial statements.

Royce Homes, L.P.
Consolidated Statements of Changes in Partners' Equity
Years Ended December 31, 2005 and 2004

	General Partner	Limited Partners	Total Partners' Equity
Balances at December 31, 2003, as previously reported	$ 295,889	$ 22,739,171	$ 23,035,060
Cumulative effect of change in accounting principle	(23,191)	591,032	567,841
Balances at December 31, 2003, as restated	272,698	23,330,203	23,602,901
Net income	108,498	10,741,341	10,849,839
Distributions to variable interest entities' partners	(10,252)	(1,463,429)	(1,473,681)
Distributions to partners	(72,246)	(7,152,423)	(7,224,669)
Balances at December 31, 2004	298,698	25,455,692	25,754,390
Net income	205,253	20,320,044	20,525,297
Distributions to partners	(70,094)	(6,939,230)	(7,009,324)
Distributions to variable interest entities' partners	(19,926)	(4,432,592)	(4,452,518)
Contributions from variable interest entities' partners	13,580	1,344,582	1,358,162
Balances at December 31, 2005	$ 427,511	$ 35,748,496	$ 36,176,007

The accompanying notes are an integral part of these consolidated financial statements.

Royce Homes, L.P.
Consolidated Statements of Cash Flows
Years Ended December 31, 2005 and 2004

	2005	2004
Cash flows from operating activities		
Net income	$ 20,525,297	$ 10,849,839
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Minority interest in net income of subsidiaries	5,834,783	3,678,412
Depreciation and amortization	817,756	734,029
Loss on disposal of property and equipment	1,229	9,990
Changes in assets and liabilities		
Trade and other receivables	(3,942,381)	(621,035)
Prepaid expenses	(910,793)	350,675
Residential housing inventory and land under development	(42,522,179)	(29,430,123)
Deposits and other assets	(574,346)	(1,100,150)
Accounts payable and accrued liabilities	3,480,354	3,227,947
Deposits and advances from customers	243,403	255,077
Net cash used in operating activities	(17,046,877)	(12,045,339)
Cash flows from investing activities		
Investment in restricted certificates of deposit	(14,894)	(19,251)
Proceeds from release of restricted certificates of deposit	1,637,786	-
Capital expenditures	(120,623)	(962,055)
Proceeds from disposal of property and equipment	-	34,908
Net advances to affiliates	(201,368)	(6,032)
Net investment in projects	-	(950,000)
Net cash provided by (used in) investing activities	1,300,901	(1,902,430)
Cash flows from financing activities		
Net payments to affiliates	-	1,300,000
Change in construction costs not yet funded	758,647	619,907
Proceeds from construction and development loans	211,186,878	183,464,046
Repayment of construction and development loans	(184,122,215)	(163,844,424)
Repayment of capital lease obligation	(133,026)	(115,829)
Capital contribution from minority interest	-	82,082
Capital contributions from variable interest entities	1,358,162	-
Distributions to partners	(7,009,324)	(7,224,669)
Distributions to variable interest entities' partners	(4,452,518)	(1,473,681)
Distributions to minority interest	(1,652,031)	(187,416)
Net cash provided by financing activities	15,934,573	12,620,016
Net increase (decrease) in cash	188,597	(1,327,753)
Cash and cash equivalents		
Beginning of year	1,040,627	2,368,380
End of year	$ 1,229,224	$ 1,040,627
Supplemental disclosure of cash flow information		
Cash paid for interest (net of capitalized amounts)	$ 3,212,352	$ 2,938,868
Supplemental disclosure of noncash transactions		
Inventory transferred to property and equipment	822,622	756,095

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

Royce Homes, L.P. (the "Partnership"), a Delaware limited partnership was formed on June 30, 1998. The Partnership is engaged principally in the construction and sale of single-family homes. In August 1999, the Partnership acquired a 66.6% ownership interest in Texas Colonial, L.P. ("Texas Colonial"). The primary market of the Partnership and Texas Colonial is southeast Texas. In 2002, Royce Homes – Atlanta, L.L.C. ("Royce Atlanta") and Royce Homes – Dallas, L.L.C. ("Royce Dallas"), subsidiaries of the Partnership, were formed to conduct business in Atlanta and Dallas. The Partnership owns 99.9% interest in each entity. In January 1999, Royce Homes – Phoenix, L.L.C., an affiliate of the Partnership, was formed to conduct business in Phoenix, Arizona.

The Partnership conducts business with two other affiliates, Royce Model Homes, L.P. ("Model Homes"), and Park Lake Communities, L.P. ("Park Lake") which are, respectively, engaged in the ownership and leasing of model homes and the development of land and the sale of finished lots.

In addition, Park Lake is the majority partner of several joint ventures formed to develop land and sell finished lots, which is accounted for under the equity method.

The respective ownership percentages of the Partnership are as follows:

Hammersmith Group, Inc.	1%, General Partner
First Duvall Group, Inc.	49%, Limited Partner
DWM Holdings, Inc.	50%, Limited Partner

Affiliates are owned by the owners or affiliates of the owners of the Partnership in similar ownership percentages. The Partnership, its subsidiaries, and consolidated affiliates are collectively referred to as "Royce".

Generally, the net profits and losses and cash distributions of Royce are distributed in accordance with ownership percentages.

Principles of Consolidation

The consolidated financial statements include the accounts of Royce Homes, L.P. and its majority-owned subsidiaries and affiliates after elimination of intercompany transactions. Affiliated entities requiring additional subordinated financial support from the Partnership are defined as Variable Interest Entities and are required to be consolidated pursuant to FIN 46-R, providing the Partnership is considered to be the primary beneficiary, beginning with the year ended December 31, 2005. For comparative purposes, the financial position as of December 31, 2004, and the financial results for the year ended December 31, 2004, have been restated.

Revenue Recognition

Revenue from sales is recognized by Royce at the closing of the sale. A sale is considered to be closed when title, possession, and other attributes of ownership have been transferred to the buyer and Royce is no longer obligated to perform any significant activities related to the sale.

Residential Housing Inventory
Residential housing inventory is stated at the lower of specific cost or estimated net realizable value. Costs include land purchases, housing construction and other direct costs including interest on interim financing, overhead allocation, and taxes.

Property and Equipment
Property and equipment consists principally of an office building purchased under a capital lease. The office building is carried at the fair value assessed at the time of purchase and is depreciated using the straight-line method over the life of the lease, which is less than its estimated useful life.

The remainder of property and equipment primarily consists of office equipment, furniture, fixtures, autos and trucks. These assets are carried at cost and are depreciated using the straight-line method over the assets' estimated useful lives.

Maintenance and repairs are charged to expense as incurred. When assets are sold or retired, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in income during the period in which the transaction occurred.

Cash and Cash Equivalents
Royce considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.

Financial Instruments
The carrying amounts of receivables, accounts payable and accrued liabilities, construction loans payable, and capital lease obligation are believed to reasonably approximate their fair values. The carrying amount of debt includes principal as well as unpaid interest which is recorded in accrued liabilities.

Certificates of Deposit (Restricted)
During 2002, the Partnership invested in two separate certificates of deposit ("CD"), one in the amount of $322,000 and the other in the amount of $1,600,000. The $322,000 CD is being held pursuant to an agreement to purchase certain property and includes reinvested interest income of $12,689 for a total of $334,689. The $1,600,000 CD was released during 2005 with the final resolution of the legal matter further explained in Note 6.

Concentrations of Credit Risk
The Partnership invests its cash in deposit accounts with financial institutions that, at times, exceeds the federally insured limits. The Partnership has not experienced any losses from this credit risk.

Trade receivables from title companies represent proceeds from mortgage loans not yet funded by major title companies. These receivables are maintained in regulated trust accounts by the title companies and are generally collected within five days after the closing of each sale. Royce does not require collateral. Royce has not experienced any losses from these credit risks.

Warranty Obligations
Royce provides a one-year warranty on their homes for any structural defects. The related estimated expense is accrued when a home is sold based on 2% of the sales price. A third party warranty for certain structural defects is provided to home buyers, which limits Royce's exposure.

Deposits and Advances from Customers
Royce requires earnest money deposits from all purchasers. These amounts are recorded as deposits until such time as the sale has closed and the funds are applied toward the purchase price. Royce also, on occasion, may build homes financed through the buyer. The funds received are recorded as advances until the construction of the home is complete.

Capitalized Interest
Interest is capitalized on land and building activities during the construction period and included in cost of sales when revenue is recognized on the sale. Interest incurred subsequent to the construction period on unsold homes and model homes is expensed during the period incurred.

Interest and real estate taxes attributable to land development projects are capitalized as inventories while they are actively being developed.

Income Taxes
Income taxes on partnership income are the responsibility of the individual partners; accordingly, no provision for income taxes is included in the accompanying consolidated financial statements.

Advertising Costs
Advertising costs are expensed as incurred. These costs, included in general and administrative expenses, approximated $4,651,000 and $4,198,000 for the years ended December 31, 2005 and 2004, respectively.

Long-Lived Assets
Royce reviews long-lived assets for impairment whenever events indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds the expected future cash flows from the asset.

Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The most significant estimates and assumptions are related to contingencies. Actual results could differ from these estimates.

Minority Interest in Subsidiaries
Minority interest in results of operations of consolidated entities represents the minority shareholders' share of the income or loss of various consolidated subsidiaries. The minority interest in the consolidated balance sheets reflect the original investment, adjusted by purchase price allocation adjustments, by these minority shareholders in these consolidated subsidiaries, along with their proportional share of the earnings or losses of these subsidiaries.

2. **Residential Housing Inventory**

Residential housing inventory, substantially all of which is pledged as collateral for construction loans payable, consists of the following at December 31:

	2005	2004
Completed		
Under contract for sale	$ 19,181,956	$ 10,830,910
Unsold	27,993,817	44,519,725
Models	6,481,539	4,973,045
Under construction		
Under contract for sale	24,241,659	16,326,591
Unsold	25,881,769	10,972,095
Models	654,974	366,985
Land and lots		
Land under development	43,897,126	22,645,901
Finished lots in inventory	34,543,480	30,541,511
	$ 182,876,320	$ 141,176,763

3. **Property and Equipment**

Property and equipment consists of the following at December 31:

	Estimated Useful Life (in Years)	2005	2004
Land	N/A	$ 1,014,870	$ 818,687
Building	15	1,169,909	542,520
Computer hardware and software	5 – 7	955,461	906,756
Autos and trucks	5	754,659	754,659
Office furniture and fixtures	5 – 7	852,380	805,611
Leasehold improvements	7	132,854	111,028
		4,880,133	3,939,261
Less: Accumulated depreciation		(1,718,735)	(1,255,055)
		3,161,398	2,684,206
Building under capital lease	15	5,088,091	5,088,091
Less: Accumulated amortization of building		(1,411,725)	(1,058,793)
		$ 6,837,764	$ 6,713,504

4. **Accrued Liabilities**

Accrued liabilities consist of the following at December 31:

	2005	2004
Warranty obligations	$ 2,615,182	$ 4,577,483
Accrued bonuses	2,312,616	2,329,852
Closed job accruals	2,852,239	1,478,502
Accrued legal costs	-	980,000
Commissions payable	591,481	451,111
General liability insurance accrual	612,028	519,762
Accrued property taxes	157,722	143,115
Accrued payroll taxes	269,303	272,717
Retainage payable	557,610	856,337
Accrued audit fees	182,922	154,854
Accrued travel/event costs	228,962	29,132
Miscellaneous	566,208	374,714
	$ 10,946,273	$ 12,167,579

A summary of warranty obligations for the years ended December 31 is as follows:

	2005	2004
Warranty obligation, beginning of year	$ 4,577,483	$ 2,820,108
Warranty costs accrued during the year	(1,079,087)	3,467,499
Warranty costs paid during the year	(883,214)	(1,710,124)
Warranty obligation, end of year	$ 2,615,182	$ 4,577,483

5. **Construction Loans Payable and Note Payable**

Home Construction Loans

Financing for construction of homes is available under agreements with various financial institutions with a total borrowing capacity of approximately $235,000,000 subject to certain financial covenants the most restrictive of which requires the Partnership to maintain a specified minimum level of net worth, a maximum ratio of total liabilities to tangible net worth and a maximum ratio of speculative homes to total homes in inventory. Pursuant to those agreements, funds are drawn by Royce as construction progresses. Such construction loans are repaid as homes are sold and title passes to the purchaser. Substantially all homes, lots and related improvements are pledged as collateral for the construction loans. The term of these loan agreements is generally 12 months from the loan origination date. At December 31, 2005 and 2004, the total amount of construction and acquisition/development loans payable outstanding was $127,915,889 and $100,851,226, respectively.

These financial institutions charge interest based on Prime or LIBOR plus stated margins. For the year ended December 31, 2005, annualized rates ranged from 6.22% to 8.69%.

As of December 31, 2005, the Partnership had speculative homes and debt to net worth ratio, excluding receivables from affiliated parties, in excess of the maximum ratios allowed by certain financial institutions, for which waivers were obtained. The overall ratio of financed speculative homes to total financed homes was approximately 51% on a total dollar basis at December 31, 2005. The financed speculative home percentage excluding financed model home units was approximately 39% on a total dollar basis at December 31, 2005. A summary of interest, including fees paid to obtain commitments for construction loans is as follows for the year ended December 31:

	2005	2004
Interest capitalized, beginning of year	$ 4,489,127	$ 2,627,076
Interest incurred	10,065,266	8,307,160
Less amount		
Included in cost of sales	(4,009,584)	(3,465,972)
Included in interest expense	(3,390,769)	(2,979,137)
Interest capitalized, end of year	$ 7,154,040	$ 4,489,127

Construction costs not yet funded represents disbursements which are expected to be funded by advances from the Partnership's available construction lines.

Acquisition and Development Loans
To ensure the adequate availability of finished lots for the construction of homes, Royce acquires land and develops finished lots primarily for its own account. Individual ("A&D") loans are obtained for each project undertaken based on Prime or LIBOR rates plus stated margins. For the year ended December 31, 2005, annualized rates ranged from 6.5% to 9.0%. A&D loans are repaid as lots are acquired for home building and construction financing is obtained.

Minimum required principal repayments for A&D loans at December 31, 2005, are as follows:

2006	$ 10,938,320
2007	6,110,461
2008	10,353,407
2009	417,633
2010	417,633
Thereafter	10,135,211

6. Commitments and Contingencies

At December 31, 2005, Royce had outstanding nonrefundable deposits, the amount of which is included in deposits and other assets, totaling approximately $2,675,300 and $2,395,000, respectively. At December 31, 2005, Royce has options to purchase 8,191 lots having a total purchase price of approximately $203,510,526.

The Partnership leases an office building which expires in 2016 and meets the criteria for recording as a capital lease. Rental expense totaled approximately $524,000 and $512,000 for the years ended December 31, 2005 and 2004, respectively.

The minimum lease payments in the aggregate and for the next five years under noncancelable leases will be as follows:

	Capital	Operating
2006	$ 840,850	$ 166,584
2007	857,871	73,320
2008	857,871	35,883
2009	857,871	4,456
2010	857,871	-
Thereafter	4,851,056	-
	9,123,390	$ 280,243
Amount representing interest	(4,469,710)	
Present value of minimum lease payments	$ 4,653,680	

Additionally, Park Lake has guaranteed various A&D loans incurred by joint ventures in which it is a limited partner. At December 31, 2005, the amount of the guarantees, letters of credit and other amounts outstanding were $3,908,700. It is management's opinion that the collateral related to these guarantees would be sufficient to cover any obligations incurred by either the Partnership or Park Lake.

During 2005, a previous judgment against the Partnership and other defendants was vacated and the $1,600,000 certificate of deposit used as collateral for the required bond was released.

The Partnership is involved in various other legal proceedings and litigation arising in the normal course of business. In the opinion of management, the outcome of such proceedings and litigation will not have a material adverse effect on the Partnership's financial position, results of operations or cash flows.

Report of Independent Auditors on Accompanying Information

To the Partners of
Royce Homes, L.P.

The report on our audit of the consolidated financial statements of Royce Homes, L.P. and subsidiaries as of December 31, 2005, and for the year then ended appears on page 1 of this document. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The consolidating balance sheet as of December 31, 2005, and consolidating income statement for the year ended December 31, 2005, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

April 24, 2006

Royce Homes, L.P.
Consolidating Balance Sheet
December 31, 2005

	Royce Homes	Texas Colonial	Royce Atlanta	Royce Dallas	Royce Phoenix	Park Lake	TCH Land	Model Homes	Maple Ridge	Burnet Bay	Total	Eliminations	December 31, 2005
Assets													
Cash and cash equivalents	$ -	$ 1,313,144	$ -	$ -	$ 870,059	$ 75,060	$ 23,060	$ 5,236	$ -	$ -	$ 2,286,559	$ (1,057,335)	$ 1,229,224
Certificates of deposit (restricted)	334,689	-	-	-	-	-	-	-	-	-	334,689	-	334,689
Receivables													
Trade - title companies	5,481,874	1,456,482	-	41,916	585,889	15,000	-	-	-	-	7,581,161	-	7,581,161
Related parties	12,197,506	2,396	8,011	-	27,153	60,221	-	17,461	-	-	12,312,748	(11,595,155)	717,593
Other	112,971	9,357	-	1,243	-	1,692,300	842,830	-	-	-	2,658,701	-	2,658,701
Prepaid expenses	2,083,830	39,746	62,511	90,603	165,927	150,105	-	957	-	-	2,593,679	-	2,593,679
Residential housing inventory and land under development	82,477,232	23,371,076	7,391,383	14,684,448	21,946,237	15,597,665	-	5,107,016	9,149,736	7,964,910	187,689,703	(4,813,383)	182,876,320
Investment in projects	-	-	-	-	-	5,808,316	-	-	-	-	5,808,316	(3,958,316)	1,850,000
Property and equipment, net	6,416,961	307,430	9,350	26,038	20,280	57,705	-	-	-	-	6,837,764	-	6,837,764
Deposits and other assets	1,466,871	573,234	241,005	993,244	107,901	363,500	87,500	-	11,000	1,000	3,845,255	(35,000)	3,810,255
Total assets	$ 110,571,934	$ 27,072,865	$ 7,712,260	$ 15,837,492	$ 23,723,446	$ 23,819,872	$ 953,390	$ 5,130,670	$ 9,160,736	$ 7,965,910	$ 231,948,575	$ (21,459,189)	$ 210,489,386
Liabilities and Partners' Equity													
Construction costs not yet funded	$ 3,449,439	$ -	$ 122,729	$ 49,520	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,621,688	$ (1,057,335)	$ 2,564,353
Accounts payables													
Trade	10,025,040	3,244,077	145,352	1,017,431	281,501	464,969	468	-	-	-	15,178,838	-	15,178,838
Related parties	-	-	2,266,104	5,048,630	(152,424)	5,095,594	-	637,251	-	-	12,895,155	(11,595,155)	1,300,000
Accrued liabilities	6,361,277	1,637,669	193,338	224,104	1,811,371	2,481,064	955,924	50	1,145	-	13,665,942	(2,719,669)	10,946,273
Construction and acquisition/development loans payable	53,349,621	13,994,641	4,624,692	11,335,603	17,435,284	9,968,269	-	3,909,401	6,757,028	6,541,350	127,915,889	-	127,915,889
Capital lease obligation	4,653,680	-	-	-	-	-	-	-	-	-	4,653,680	-	4,653,680
Deposits and advances from customers	750,797	122,669	14,350	92,711	47,700	-	-	-	-	-	1,028,227	-	1,028,227
Total liabilities	78,589,854	18,999,056	7,366,565	17,767,999	19,423,432	18,009,896	956,392	4,546,702	6,758,173	6,541,350	178,959,419	(15,372,159)	163,587,260
Minority interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	10,726,119	10,726,119
Commitments and contingencies													
Partners' equity	31,982,080	8,073,809	345,695	(1,930,507)	4,300,014	5,809,976	(3,002)	583,968	2,402,563	1,424,560	52,989,156	(16,813,149)	36,176,007
Total equity and liability	$ 110,571,934	$ 27,072,865	$ 7,712,260	$ 15,837,492	$ 23,723,446	$ 23,819,872	$ 953,390	$ 5,130,670	$ 9,160,736	$ 7,965,910	$ 231,948,575	$ (21,459,189)	$ 210,489,386

Royce Homes, L.P.
Consolidating Statement of Operations
Year Ended December 31, 2005

	Royce Homes	Texas Colonial	Royce Atlanta	Royce Dallas	Royce Phoenix	Park Lake	TCH Land	Model Homes	Maple Ridge	Burnet Bay	Total	Eliminations	December 31, 2005
Home Sales Revenue	$ 182,070,299	$ 52,989,148	$ 7,110,850	$ 8,362,769	$ 27,415,138	$ 6,082,500	$ 2,180,000	$ 1,405,889	$ -	$ -	$ 287,616,593	$ (8,262,500)	$ 279,354,093
Cost of sales													
Direct Costs	129,998,195	36,469,286	5,840,031	7,103,318	21,660,626	3,945,197	1,081,313	1,379,302	-	-	207,477,268	(9,962,916)	197,514,352
Indirect, selling and closing costs	15,679,980	4,855,998	400,234	704,975	1,827,957	-	-	116,269	-	-	23,585,413	-	23,585,413
	145,678,175	41,325,284	6,240,265	7,808,293	23,488,583	3,945,197	1,081,313	1,495,571	-	-	231,062,681	(9,962,916)	221,099,765
Gross Profit	36,392,124	11,663,864	870,585	554,476	3,926,555	2,137,303	1,098,687	(89,682)	-	-	56,553,912	1,700,416	58,254,328
Operating expenses													
Marketing	11,193,019	3,199,989	357,360	1,012,400	308,317	564,130	8,001	-	-	-	16,643,216	(480,307)	16,162,909
General and administrative	8,773,785	3,682,895	196,766	566,390	960,586	1,736,209	797,992	880	176	128	16,715,807	(658,520)	16,057,287
Interest expense	1,917,396	411,624	113,742	482,593	42,133	45,620	-	296,370	-	-	3,309,478	81,291	3,390,769
Operating Expenses	21,884,200	7,294,508	667,868	2,061,383	1,311,036	2,345,959	805,993	297,250	176	128	36,668,501	(1,057,536)	35,610,965
Income from Operations	14,507,924	4,369,356	202,717	(1,506,907)	2,615,519	(208,656)	292,694	(386,932)	(176)	(128)	19,885,411	2,757,952	22,643,363
Other income													
Interest Income	16,709	581	-	-	458	-	-	27	-	-	17,775	-	17,775
Other	2,341,546	128,971	8,999	32,281	1,207,047	2,143,336	553,655	707,216	3	-	7,123,054	(3,424,112)	3,698,942
Income before minority interest in net income of subsidiaries	16,866,179	4,498,908	211,716	(1,474,626)	3,823,024	1,934,680	846,349	320,311	(173)	(128)	27,026,240	(666,160)	26,360,080
Minority Interest in net Income of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(5,834,783)	(5,834,783)
Net Income (net loss)	$ 16,866,179	$ 4,498,908	$ 211,716	$ (1,474,626)	$ 3,823,024	$ 1,934,680	$ 846,349	$ 320,311	$ (173)	$ (128)	$ 27,026,240	$ (6,500,943)	$ 20,525,297